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ANNUAL AUDITED REPORT FORM X-17A-5

SEC FILE NUMBER
8-40413

PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/11 ENDING 12/31/11
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **Buckman, Buckman, and Reid**

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

174 Patterson Avenue
(No. and Street)
Shrewsbury NJ 07702
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

McGuigan Tombs and Company
(Name - if individual, state last, first, middle name)
2399 Highway 34, Building D Manasquan NJ 08736
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

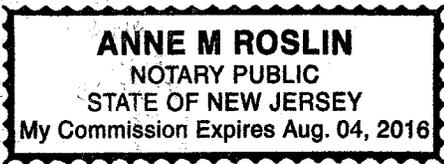
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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OATH OR AFFIRMATION

I, H. John Buckman, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Buckman, Buckman & Reid, Inc, as of December 31, 2011, are true and correct. I further swear (or affirm) that neither the company, nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



H. J. Buckman
Signature
Chairman, CEO
Title

Anne M Roslin 2/9/12
Notary Public

This report ** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Buckman, Buckman & Reid, Inc. and Affiliate

We have audited the accompanying consolidated statements of financial condition of Buckman, Buckman & Reid, Inc. (a New Jersey corporation) and Affiliate as of December 31, 2011 and 2010, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have conducted our audits in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Buckman, Buckman & Reid, Inc. and Affiliate, as of December 31, 2011 and 2010 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on pages 14 and 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGuigan Tombs & Co., PC

McGuigan Tombs & Company, P.C.
Certified Public Accountants

Manasquan, New Jersey
February 15, 2012



BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE
Consolidated Statements of Financial Condition
December 31, 2011 and 2010

ASSETS

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 117,893	\$ 469,698
Deposits with clearing organizations	200,000	200,000
Securities owned - equities, at fair value	511,374	326,681
Receivable from clearing organization	275,610	592,419
Other receivables	335,581	333,653
Prepaid expenses and other assets	301,888	173,400
Note receivable - stockholder	600,000	600,000
Property and equipment at cost, net of accumulated depreciation of \$224,878 in 2011 and \$214,214 in 2010	8,418	19,082
	<u>\$ 2,350,764</u>	<u>\$ 2,714,933</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable and accrued expenses	\$ 795,513	\$ 970,165
Marketable equity securities sold short, at fair value	43,163	30,132
Collateralized agreements:		
Subordinated loans	860,000	860,000
Secured demand note - stockholder	600,000	600,000
Total liabilities	2,298,676	2,460,297
Stockholders' equity		
Common stock, no par value - authorized 10,000 shares; issued and outstanding 2,408 shares	248,212	248,212
Additional paid in capital	52,166	52,166
Accumulated deficit	(248,290)	(45,742)
Total stockholders' equity	52,088	254,636
	<u>\$ 2,350,764</u>	<u>\$ 2,714,933</u>

See accompanying notes to consolidated financial statements

BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE
Consolidated Statements of Operations
For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues		
Commission and concessions	\$ 6,676,301	\$ 6,026,540
Management and consulting fees	5,381,545	5,103,951
Trading income	1,963,170	1,157,477
Interest and dividends	<u>163,012</u>	<u>129,447</u>
Total revenues	14,184,028	12,417,415
 Expenses		
Employee compensation, commissions and benefits	9,536,839	8,310,866
Clearance charges	1,548,707	1,125,925
Communications and information services	1,238,503	1,059,420
Other operating expenses	1,433,419	1,032,787
Occupancy and equipment	517,347	398,451
Interest expense	<u>126,813</u>	<u>131,998</u>
Total expenses	<u>14,401,628</u>	<u>12,059,447</u>
 Net (loss)/income before (benefit)/provision for income taxes	 (217,600)	 357,968
 (Benefit)/provision for income taxes		
Federal	(22,944)	214,760
States	<u>7,892</u>	<u>15,705</u>
Total (benefit)/provision for income taxes	<u>(15,052)</u>	<u>230,465</u>
 Net (loss)/income	 <u>\$ (202,548)</u>	 <u>\$ 127,503</u>

See accompanying notes to consolidated financial statements

BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE
Consolidated Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2011 and 2010

	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance as of December 31, 2009	\$ 248,212	\$ 52,166	\$ (173,245)	\$ 127,133
Net income			127,503	127,503
	_____	_____	_____	_____
Balance as of December 31, 2010	\$ 248,212	\$ 52,166	\$ (45,742)	\$ 254,636
Net loss			(202,548)	(202,548)
	_____	_____	_____	_____
Balance as of December 31, 2011	<u>\$ 248,212</u>	<u>\$ 52,166</u>	<u>\$ (248,290)</u>	<u>\$ 52,088</u>

See accompanying notes to consolidated financial statements

BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Net (loss)/income	\$ (202,548)	\$ 127,503
Adjustments to reconcile net income to net cash (used)/provided by operating activities		
Depreciation and amortization expense	10,664	10,884
Changes in:		
Securities owned - equities, at fair value	(184,693)	423,187
Receivable from clearing organization	316,809	(548,818)
Other receivables	(1,928)	(204,172)
Prepaid expenses and other assets	(128,488)	134,529
Accounts payable and accrued expenses	(174,652)	468,840
Marketable equity securities sold short	<u>13,031</u>	<u>14,301</u>
Net cash (used)/provided by operating activities	(351,805)	426,254
Cash flows (used) by investing activities		
Property and equipment expenditures		(3,777)
Net (decrease)/increase in cash and cash equivalents	(351,805)	422,477
Cash and cash equivalents as of beginning of year	<u>469,698</u>	<u>47,221</u>
Cash and cash equivalents as of end of year	<u>\$ 117,893</u>	<u>\$ 469,698</u>
Cash paid during the year for		
Interest	<u>\$ 126,813</u>	<u>\$ 131,998</u>
Income taxes	<u>\$ 339,176</u>	<u>\$ 3,838</u>

See accompanying notes to consolidated financial statements

BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

Note 1 - Summary of significant accounting policies

Organization

Buckman, Buckman & Reid, Inc. was formed on September 7, 1988 under the provisions of the Business Corporation Law of New Jersey. The Company is registered with the SEC and Financial Industry Regulatory Authority (FINRA) as a broker-dealer pursuant to Section 15(b) of the Securities and Exchange Act of 1934, and is authorized to engage in business as a broker or dealer retailing corporate securities over the counter and as a mutual fund retailer. The Company also provides investment advisory services. The Company does not hold customer funds or securities, and processes all transactions through an independent clearing service. Buckman Advisory Group, LLC was formed under the state laws of New Jersey and began activity during 2006 providing investment advisory services.

Basis of consolidated statements

The consolidated financial statements include the accounts of Buckman, Buckman & Reid, Inc. and Buckman Advisory Group, LLC. The financial statements have been consolidated under the requirements of FASB ASC 810. All significant intercompany transactions and balances have been eliminated in the consolidated financial statements.

Use of estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Concentration of credit risk

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE
Notes to Consolidated Financial Statements (cont'd)
December 31, 2011 and 2010

Note 1 - Summary of significant accounting policies (cont'd)

Concentration of credit risk (cont'd)

The Company maintains its cash balances with quality financial institutions. The balances are invested in non-interest bearing accounts and are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. Effective December 31, 2010 through December 31, 2012, all non-interest bearing accounts are fully insured regardless of the balance in the account at all FDIC insured institutions.

Securities owned - equities

Marketable equity securities are carried at market value as of the last day of the month. The resulting difference between cost and market value is included in income.

Property and equipment

Property and equipment is carried at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets which is approximately three to five years.

Net capital requirements

The Company, as a registered broker and dealer in securities, is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1). Under the provisions of the rule, the Company must maintain net capital, as defined, equal to \$100,000. Under such rule, the Company is prohibited from engaging in any securities transactions whenever its aggregate indebtedness exceeds 15 times its net capital. As of December 31, 2011, the Company had net capital (as defined by Rule 15c3-1) of \$726,605, (\$1,132,791 as of December 31, 2010), which was \$626,605 greater (\$1,032,791 greater as of December 31, 2010) than the aforementioned net capital requirement. The net capital requirement, as defined, was the greater of \$100,000 or 6 2/3% of aggregate indebtedness of \$795,513, for the year ended December 31, 2011.

Commissions

Commission revenue is earned on customers' orders and is paid directly by the clearing broker.

Commission revenue and related expenses are recorded as of the settlement date. Settlement of such transactions generally occurs on or before the third business day following the transaction date.

Customer accounts

All customer accounts are carried by a correspondent broker on a fully-disclosed basis.

BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE
Notes to Consolidated Financial Statements (cont'd)
December 31, 2011 and 2010

Note 1 - Summary of significant accounting policies (cont'd)

Income taxes

Deferred income taxes are provided on temporary differences between the financial reporting basis and income tax basis of the Company's assets, liabilities and operating loss and tax credit carryforwards using the liability method. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. A valuation allowance is provided if it is more likely than not that some or all of the deferred tax asset will not be realized.

The Company adopted FASB ASC 740 which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return. Management has determined that the Company has no "uncertain tax position" as defined by FASB ASC 740, and therefore the adoption had no effect on the current period's results of operations.

Subsequent events

FASB ASC 855 requires interim and annual disclosure of the date through which subsequent events have been evaluated, as well as whether that date is the date the financial statements were issued or the date the financial statements were available to be issued. The Company's adoption of this standard was applied prospectively. The Company evaluated subsequent events through the report date on February 15, 2012, there is no disclosure necessary except as disclosed in Note 12.

Note 2 - Deposits with clearing organizations

The Company is required to maintain a \$100,000 good-faith deposit with each of two clearing organizations as long as the respective clearing agreements remain in effect with each firm. In October of 2008, the Company entered into a five year agreement with Ridge Clearing & Outsourcing Solutions, Inc (Ridge). During 2010, Ridge was acquired by Penson Financial Services, Inc. At the end of the five year term, this agreement will automatically renew for additional successive one year periods unless and until either party gives the other sixty days written notification of intent to terminate. In October

BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE
Notes to Consolidated Financial Statements (cont'd)
December 31, 2011 and 2010

Note 2 - Deposits with clearing organizations (cont'd)

of 2009, the Company entered into a five year agreement with RBC Correspondent Services (RBC). At the end of the five year term, this agreement will automatically renew for additional successive one year periods unless and until either party gives the other ninety days written notification of intent to terminate.

Note 3 - Fair value measurement

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value. FASB ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1-Quoted prices in active markets for identical assets or liabilities.

Level 2-Observable inputs other than quoted prices included in level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3-Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The fair values of investments as of December 31, 2011 are summarized in the table below:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Securities owned:				
Equities	\$ 511,374	\$ -	\$ -	\$ 511,374

BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE
Notes to Consolidated Financial Statements (cont'd)
December 31, 2011 and 2010

Note 3 - Fair value measurement (cont'd)

The fair values of investments as of December 31, 2010 are summarized in the table below:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Securities owned:				
Equities	\$ 326,681	\$ -	\$ -	\$ 326,681

Note 4 - Property and equipment

Property and equipment consists of the following as of December 31:

	<u>2011</u>	<u>2010</u>
Furniture and equipment	\$ 208,830	\$ 208,830
Leasehold improvements	<u>24,466</u>	<u>24,466</u>
	233,296	233,296
Less: accumulated depreciation	<u>(224,878)</u>	<u>(214,214)</u>
	<u>\$ 8,418</u>	<u>\$ 19,082</u>

For the years ended December 31, 2011 and 2010, depreciation and amortization expense amounted to \$10,664 and \$10,884, respectively.

Note 5 - Subordinated loans

Subordinated loans consist of the following as of December 31, 2011 and 2010:

	<u>Maturity date</u>	<u>Interest rate</u>	<u>2011</u>	<u>2010</u>
Unsecured subordinated loan agreement with affiliate	07/31/13	10%	\$ 25,000	\$ 25,000
Unsecured subordinated loan agreement	07/31/13	8%	60,000	60,000
Unsecured subordinated loan agreements	07/31/13	8%	150,000	150,000
Unsecured subordinated loan agreement	07/31/13	10%	125,000	125,000
Unsecured subordinated loan agreement	10/01/12	Libor plus 4%	<u>500,000</u>	<u>500,000</u>
			<u>\$ 860,000</u>	<u>\$860,000</u>

Interest expense charged to operations for the years ended December 31, 2011 and 2010 under the subordinated loan agreements amounted to \$53,254 in 2011 and \$49,631 in 2010.

BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE
Notes to Consolidated Financial Statements (cont'd)
December 31, 2011 and 2010

Note 6 - Related party transactions

For the years ended December 31, 2011 and 2010, included in other receivables is approximately \$265,471 and \$97,600, respectively, of advances made to the stockholders of the Company. The advances are payable over the normal course of business.

The Company engages in consulting services from a related real estate entity. Payments to this entity amounted to \$70,000 for the year ended December 31, 2011.

Note 7 - Note receivable – stockholder/secured demand note - stockholder

Effective January 30, 2009, the Company entered into a Secured Demand Note Collateral Agreement with one of the Company's stockholders. Under the agreement, the Company may demand up to \$600,000 from the stockholder. The stockholder is required to maintain in designated accounts at least \$857,143 in securities to collateralize the amount of the note. This agreement expires on January 31, 2014. As of December 31, 2011, the Company had not exercised its option to demand any portion of the \$600,000 secured demand note.

Note 8 - Income taxes

The provision/(benefit) for income taxes as determined in accordance with FASB ASC 740 is summarized as follows:

Expense for the year ended December 31, 2011:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ (22,944)	\$ -	\$ (22,944)
States	7,892	-	7,892
	<u>\$ (15,052)</u>	<u>\$ -</u>	<u>\$ (15,052)</u>

Expense for the year ended December 31, 2010:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ 214,760	\$ -	\$ 214,760
States	15,705	-	15,705
	<u>\$ 230,465</u>	<u>\$ -</u>	<u>\$ 230,465</u>

The Company is no longer subject to federal and New York tax examinations by taxing authorities for years prior to 2008. New Jersey is no longer subject to tax examinations by taxing authorities for years prior to 2007. The Internal Revenue Service completed an examination of the Company's federal income tax returns for the years

BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE
Notes to Consolidated Financial Statements (cont'd)
December 31, 2011 and 2010

Note 8 - Income taxes (cont'd)

2007 through 2009 in the first quarter of 2011. The Internal Revenue Service's final assessment to the Company's tax position was approximately \$94,000.

Note 9 - Lease commitments

The Company occupies its office facilities and uses certain equipment under various operating leases. Rent expense charged to operations under the aforementioned lease agreements amounted to \$337,687 in 2011 and \$269,541 in 2010.

The approximate annual minimum rental payment commitments under non-cancelable leases are as follows:

2012	\$ 342,000
2013	242,000
2014	145,000
2015 and thereafter	<u>81,000</u>
	<u>\$ 810,000</u>

Note 10 - Litigation

The Company is involved in various claims, counterclaims and lawsuits, arising in the normal course of business. Management believes that any financial responsibility that may be incurred in settlement of such actions would not be material to the Company's financial position.

Note 11 - Net capital requirements

The clearing agreement with Penson Financial Services, Inc. requires the Company to maintain net capital (calculated in accordance with SEC Rule 15c3-1) of \$250,000. The clearing agreement with RBC requires the Company to maintain net capital (calculated in accordance with SEC Rule 15c3-1) of \$100,000. At December 31, 2011 the Company is in compliance with these requirements.

Note 12 - Subsequent event

Buckman, Buckman and Reid, Inc. has engaged in preliminary discussions with a third party regarding a potential acquisition of Buckman, Buckman and Reid, Inc. There are no assurances that a transaction will take place. However, if a transaction does occur, Buckman, Buckman and Reid, Inc. will maintain its identical corporate structure with the same number of employees and customer base.

BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE

Computation of Net Capital Under Rule 15c3-1

December 31, 2011

Net capital	
Common stock	\$ 248,212
Additional paid-in capital	52,166
Retained earnings	<u>(248,290)</u>
Total stockholders' equity qualified for net capital	52,088
Add	
Subordinated borrowings allowable in computation of net capital	<u>1,460,000</u>
Total capital and allowable subordinated borrowings	1,512,088
Deductions and/or charges	
Nonallowable assets	
Other receivables	335,581
Prepaid expenses and other assets	310,306
Unsecured debit balances	<u>7,210</u>
Total deductions and/or charges	<u>653,097</u>
Net capital before haircuts on securities positions	858,991
Haircuts on other securities owned	75,821
Other	<u>56,565</u>
Net capital	726,605
Minimum capital required to be maintained	<u>100,000</u>
Net capital in excess of minimum capital requirement	<u>\$ 626,605</u>
Aggregated indebtedness	<u>\$ 795,513</u>
Ratio of aggregate indebtedness to net capital	<u>1.09 to 1</u>

Note

In accordance with rule 15c3-1(a)(1), the Company is required to maintain a net capital amount which is the greater of \$100,000 or 6 2/3% of aggregated indebtedness.

There are no material differences between the preceding computation and the Company's corresponding amended unaudited part II of Form X-17A-5 as of December 31, 2011.

BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE
 Computation of Net Capital Under Rule 15c3-1
 December 31, 2010

Net capital		\$ 248,212
Common stock		52,166
Additional paid-in capital		<u>(45,742)</u>
Retained earnings		254,636
Total stockholders' equity qualified for net capital		
Add		
Subordinated borrowings allowable in computation of net capital		<u>1,460,000</u>
Total capital and allowable subordinated borrowings		1,714,636
Deductions and/or charges		
Nonallowable assets		
Other receivable		333,653
Prepaid expenses and other assets		192,482
Unsecured debit balances		<u>3,915</u>
Total deductions and/or charges		<u>530,050</u>
Net capital before haircuts on securities positions		1,184,586
Haircuts on other securities owned		47,002
Other		<u>4,793</u>
Net capital		1,132,791
Minimum capital required to be maintained		<u>100,000</u>
Net capital in excess of minimum capital requirement		<u>\$1,032,791</u>
Aggregated indebtedness		<u>\$ 970,165</u>
Ratio of aggregate indebtedness to net capital		<u>.86 to 1</u>

Note

In accordance with rule 15c3-1(a)(1), the Company is required to maintain a net capital amount which is the greater of \$100,000 or 6 2/3% of aggregated indebtedness.

There are no material differences between the preceding computation and the Company's corresponding amended unaudited part II of Form X-17A-5 as of December 31, 2010.

February 15, 2012

The Board of Directors
Buckman, Buckman & Reid, Inc. and Affiliate
174 Patterson Ave.
Shrewsbury, New Jersey 07702

Gentlemen:

In planning and performing our audit of the consolidated financial statements of Buckman, Buckman & Reid, Inc. and Affiliate (“the Company”), as of and for the year ended December 31, 2011, in accordance with the auditing standards generally accepted in the United States of America, we considered the Company’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Company’s internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregated debits) and net capital under Rule 17a-3(a)(11) and the reserve required by Rule 15c3-3(e). Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in making the quarterly securities examination, counts verifications and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the



The Board of Directors
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preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17(a)-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material

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inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2011, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management of Buckman, Buckman & Reid, Inc. and Affiliate, the Financial Industry Regulatory Authority (FINRA), the Securities and Exchange Commission, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

McGuigan Tombs & Co. PC

McGuigan Tombs & Company, P.C.
Certified Public Accountants

February 15, 2012

The Board of Directors
Buckman, Buckman & Reid, Inc. and Affiliate
174 Patterson Ave.
Shrewsbury, New Jersey 07702

Gentlemen:

In accordance with Rule 17a-5(e)(4) under the Securities and Exchange Act of 1934, we have performed the procedures enumerated below with respect to the Schedule of Assessment and Payments [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2011, which were agreed to by Buckman, Buckman & Reid, Inc. and Affiliate and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Buckman, Buckman & Reid, Inc. and Affiliate's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Buckman, Buckman & Reid, Inc. and Affiliate's management is responsible for the Buckman, Buckman & Reid, Inc. and Affiliate's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC -7 with respective cash disbursement records entries noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2011, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2011, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;



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4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7T on which it was originally computed noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

McGuigan Tombs & Co. PC

McGuigan Tombs & Company, P.C.
Certified Public Accountants

***BUCKMAN, BUCKMAN & REID, INC.
AND AFFILIATE***

***Consolidated Financial Statements
and Supplementary Information***

***For the Years Ended
December 31, 2011 and 2010***

